

Message Text

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PAGE 01 GENEVA 03975 01 OF 02 281753Z

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-10 IO-10 ISO-00

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 OIC-02 /132 W

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R 281644Z MAY 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 3300

INFO AMEMBASSY ANKARA

AMEMBASSY BRASILIA

AMEMBASSY CAIRO

AMEMBASSY CANBERRA

AMEMBASSY LAGOS

AMEMBASSY MADRID

AMEMBASSY NEW DELHI

USMISSION EC BRUSSELS

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LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 3975

PASS STR

E.O. 11652: N/A

TAGS: GATT, ETRD, CU

SUBJECT: GATT COMMITTEE ON TRADE AND DEVELOPMENT

REF: STATE 119436

BEGIN SUMMARY. LDCS ASKED REVISION OF GATT PART IV, MORE
ATTENTION TO SPECIAL TREATMENT REQUESTS IN MTN INCLUDING
BINDING OF LIMITED NUMBER OF PREFERENTIAL TARIFFS, AND
CONTINUED CTD MONITORING OF MTN. NIGERIA, TURKEY, SPAIN
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PAGE 02 GENEVA 03975 01 OF 02 281753Z

REQUESTED END OF U.S. DISCRIMINATION ON GSP. U.S. SUMMARIZED

OUR GSP, DESCRIBED COMMODITY POLICY DEVELOPMENTS, AND NOTED THAT MTN STILL AT EARLY STAGE AND LDCS WERE BEING UNDULY PESSIMISTIC ON CONCLUDING THEIR NEEDS NOT RECEIVING ATTENTION. COMMITTEE AGREED ITS MONITORING ACTIVITIES SHOULD NOT PREEMPT TNC AUTHORITY. END SUMMARY.

1. DURING MAY 22-23 GATT COMMITTEE ON TRADE AND DEVELOPMENT, LDC DELEGATES PRESSED REQUESTS IN FIRM BUT REASONABLE MANNER. INDIA SAID NEW D.C. TRADE BARRIERS VIOLATE STANDSTILL PROVISIONS OF GATT ART. XXXVII, SAID GSP BENEFITS WOULD BE ERODED BY MFN REDUCTIONS, ASKED EXPANSION OF GSP TO COVER TEXTILES, LEATHER GOODS, AGRICULTURAL PRODUCTS. INDIA SAID SOME DC TEXTILE BARRIERS VIOLATE LETTER AND SPIRIT OF MFA. NOTED DCS IGNORE DIFFERENTIAL TREATMENT PROPOSALS IN MTN BY CITING "WHENEVER FEASIBLE AND APPROPRIATE" LANGUAGE IN TOKYO DEC., SAID GROUPS ON SUBSIDIES AND COUNTERVAIL AND TROPICAL PRODUCTS WILL BE NEXT TEST OF DC WILL. SAID CTD SHOULD BE WATCHDOG FOR MTN, PART IV OF GATT SHOULD BE REVISED TO MAKE LANGUAGE MORE BINDING AND A STUDY OF PART IV SHOULD BE BEGUN NOW. SAID CHIEF SHORTCOMING OF PART IV IS THAT, UNLIKE FIRST THREE PARTS OF GATT, IT USES VAGUE LANGUAGE LIKE "TO FULLEST EXTENT POSSIBLE." ALSO, LDCS WERE REQUIRED TO SEEK WAIVERS ON GSP AND INTRA-LDC TRADE NEGOTIATIONS, "AS THOUGH WE WERE BREAKING THE RULES." SAID SOME SELECTED GSP MARGINS NEED TO BE BOUND. INDIA SAID LOME CONVENTION SHOULD BE CONSIDERED AS FIRST STEP--A PRECURSOR OF SIMILAR MEASURES IN FAVOR OF OTHER LDCS. STABEX COULD BE USEFULLY EMULATED BY ALL DCS FOR ALL LDCS.

2. BRAZIL AGREED RE PART IV FAILURES AND ADDED THAT MERE MODIFICATION PART IV NOT ENOUGH BUT MTN SHOULD DRAW UP RULES FOR SPECIAL DIFFERENTIAL TREATMENT FOR LDCS, POSSIBLY ADDING NEW INSTRUMENTS TO GATT. BRAZIL SAID MTN IS SHOWING NO PROGRESS ON WHAT, WHEN, OR HOW SPECIAL TREATMENT WILL BE FORTHCOMING, SAID DCS DRAGGING HEELS BY SAYING GENERAL MTN RULES MUST BE DEFINED FIRST. SAID MTN PROGRESS ON DEFINING RULES FOR (SPECIAL) LDC TREATMENT SHOULD PROCEED IN LIMITED OFFICIAL USE

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PAGE 03 GENEVA 03975 01 OF 02 281753Z

PARALLEL WITH OTHER ASPECTS OF MTN. BRAZIL MADE SPECIAL POINT THAT BINDING OF ALL GSP MARGINS WAS UNREALISTIC; SAID THAT SELECTED PRODUCTS BINDINGS (NOT NECESSARILY GSP RATES) BEING SOUGHT ONLY ON CASE-BY-CASE BASIS. BRAZIL SAID CTD MONITORING SHOULD INTERFERE WITH TNC AUTHORITY. GREECE, KOREA, YUGOSLAVIA, EGYPT, OTHERS SUPPORTED DIFFERENTIAL TREATMENT THEME. SECRETARIAT WILL DO A SIMPLE TABULATION OF WHAT HAS BEEN SAID THROUGH THE

YEARS ON ADEQUACY OF PART IV.

3. NIGERIA AGREED RE SLOW MTN PROGRESS AND ON NEED TO HAVE CTD MONITOR MTN; SAID DCS SHOULD NOW LOOK INTO TARIFF ESCALATION PROBLEMS FACING LDC EXPORTS. TURKEY, SPAIN ASKED U.S. TO END GSP EXCLUSIONS AFFECTING THEM. NIGERIA MENTIONED THIS ISSUE LIGHTLY BY SAYING THEY HAD ALREADY DISCUSSED GSP EXCLUSION WITH U.S. DEL.

4. EGYPT, MEXICO (OBSERVER), HONG KONG, PAKISTAN VARIOUSLY CITED IMPORTANCE OF TEXTILES TO LDCS AND NEED FOR DCS AVOID FRUSTATING MFA. ARGENTINA COMPLAINED OF GENERAL EC RESTRICTIVENESS ON AGRICULTURE, AND AUSTRALIA WAS MILDLY TAKEN TO TASK BY SEVERAL LDCS FOR NEW IMPORT RESTRICTIONS. EC AND AUSTRALIAN REPLIED WITH BRIEF, DEFENSIVE REHASHES OF WELL-KNOWN POSITIONS. NIGERIA SPOKE FAVORABLY ON U.S. GSP COMPETITIVE NEED FEATURE AS MEASURE HELPING LEAST DEVELOPED COUNTRIES. MEXICO TOOK STRONG CONTRARY POSITION, SAYING \$25 MILLION AND 50 PCT. CEILING LIMITS IN U.S. GSP MAY NULLIFY SCHEME'S BENEFITS.

5. U.S. (BRUNGART) SAID TRADE ACT IS IMPORTANT TOOL FOR DEALING WITH LDC PROBLEMS AND FOR COMMERCIAL POLICY IN GENERAL; NOTED THAT OUR GSP SCHEME, ONCE OPERATIONAL, WOULD BE LIBERAL AND SIMPLE. U.S. NOTED GSP PROCEDURES HAVE NOW BEEN STARTED AND SAID WE HOPED BE ABLE INSTITUTE SCHEME IN FALL. RECALLING THAT BENEFICIARIES HAVE BEEN DESIGNATED AND THAT 24 OTHER COUNTRIES ARE UNDER ACTIVE CONSIDERATION. WE NAMED THE PRODUCT EXCLUSIONS AND SAID ITC HEARINGS WILL RESULT IN ADVISORY OPINIONS ON REMAINING PRODUCTS TO PRESIDENT, WHO WILL LIMITED OFFICIAL USE

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PAGE 04 GENEVA 03975 01 OF 02 281753Z

MAKE DETERMINATION. U.S. AGREED IT APPROPRIATE FOR CTD TO FOLLOW MTN BUT SAID IT SHOULD NOT DUPLICATE, INTERFERE WITH, OR SLOW DOWN MTN. U.S. SAID WE WOULD TAKE CAREFUL NOTE OF INDIA'S SUGGESTIONS ON PART IV OF GATT. WE SAID LDCS SHOULD NOT CONCLUDE THEIR MTN PROPOSALS HAD BEEN IGNORED OR REJECTED, AS MTN IS STILL IN EARLY STAGES. EGYPT EXPRESSED GREAT SATISFACTION AT THIS STATEMENT. WE SAID WE REMAIN TIED TO PARA 5 OF TOKYO DECLARATION.

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PAGE 01 GENEVA 03975 02 OF 02 281754Z

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INFO OCT-01 AF-06 ARA-06 EUR-12 NEA-10 IO-10 ISO-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 OIC-02 /126 W

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LIMITED OFFICIAL USE SECTION 2 OF 2 GENEVA 3975

6. EC, JAPAN, CANADA, OTHER DCS MADE MINOR STATEMENTS ON OWN GSP SCHEMES AND ON NEED TO LOOK INTO LDC CONCERNS. NORWAY, SWEDEN EXPRESSED RECOGNITION GSP WOULD BE LONG LIVED--CERTAINLY MORE THAN 10 YEARS. EC MENTIONED LOME CONVENTION MERELY BY SAYING COUNCIL HAD BEEN INFORMED.

7. CUBA, WHICH SPEAKS LITTLE IN GATT, SAID GATT IS CARRYING OUT OWN ISOLATED CAMPAIGN AND MUST NOW CHANGE AND TAKE ACCOUNT OF WORK BEING DONE IN OTHER FORA ON NEW ECONOMIC ORDER. SAID MTN MUST TAKE ACCOUNT OF DECLINING LDC TERMS OF TRADE AND UNSTABLE COMMODITY

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PAGE 02 GENEVA 03975 02 OF 02 281754Z

PRICES. CUBA GAVE LONG
ITEMIZED ACCOUNT OF
DECLINING TERMS OF TRADE AND SURPRISINGLY LISTED OIL
AND FERTILIZER PRICE INCREASES AMONG CULPRITS.

8. DURING DISCUSSION COMMODITY PRICE TRENDS, U.S.
MADE STATEMENT IN PARAS 5A TO 5C OF REFTTEL, TO EFFECT
THAT OIL PRICE EFFECTS SHOULD ALSO BE COUNTED WHEN
DISCUSSING LDC TRADE DEFICITS, AND GIVING REVIEW OF
CURRENT U.S. VIEWS ON COMMODITIES INCLUDING REFERENCE
TO SECRETARY KISSINGER'S MAY 13 SPEECH. CANADA AND
AUSTRALIA SAID THERE IS EMERGING DC WILLINGNESS TO
COOPERATE ON COMMODITIES. EC, APPARENTLY AFTER MULLING
OVER ABOVE U.S. STATEMENT ON OIL PRICES, SAID LDC
TERMS OF TRADE NOT DECLINING ONLY WITH RESPECT TO
MANUFACTURES BUT ALSO VIS-A-VIS PETROLEUM AND CEREALS.
EC ADDED THAT OWN STAND ON COMMODITIES WELL KNOWN,
AND WITH U.S. AND OTHERS REPORTING NEW MOODS IN
CAPITALS, CTD SHOULD NOTE THE IMPORTANCE OF FOLLOWING
UP ON PRICE STABILIZATION.

9. NO DISCUSSION TOOK PLACE ON EXPANSION OF TRADE
AMONG LDCS. ITEM TO BE ADDRESSED AT FALL MEETING,
WHEN COMMITTEE OF PARTICIPATING COUNTRIES EXPECTS
GIVE REPORT ON ACTIVITIES.

10. COMMENT: ONLY NIGERIA RESPONDED TO OUR REFERENCE
TO OIL PRICE EFFECTS ON LDCS, MADE SIMPLE STATEMENT
THAT OIL WAS EXHAUSTIBLE. DESPITE RARE EVENT OF
LENGTHY (BUT MODERATE) STATEMENT FROM CUBA, LDCS
CONTINUED THEIR TRADITION OF USING GATT FORUM TO
PRESS FIRM BUT CALM AND REASONED PURSUIT THEIR TRADE
GOALS. DALE

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Message Attributes

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